

## Message Text

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ACTION EA-14

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TAGS: ETRD PINS PINT CH

SUBJ: COMMERCIAL ACTIVITIES UNAFFECTED BY ANTI-LIN

PIAO, ANTI-CONFUCIUS CAMPAIGN

SUMMARY. THE ANTI-LIN PIAO, ANTI-CONFUCIUS CAMPAIGN, BASED ON OBSERVATIONS IN PEKING, DOES NOT SEEM TO HAVE HAD AN ADVERSE EFFECT ON CHINA'S COMMERCIAL RELATIONS WITH FOREIGN COUNTRIES. IT HAS BEEN SOMEWHAT MORE DIFFICULT TO OBTAIN APPOINTMENTS WITH FOREIGN TRADE OFFICIALS WHO, IT IS BELIEVED, HAVE HAD TO SPEND MORE TIME IN MEETINGS OR STUDY SESSIONS. HOWEVER, THERE HAVE BEEN MANY FOREIGN BUSINESSMEN IN PEKING, AND THEY CAN COME ONLY AT THE INVITATION OF THE CHINESE. MOREOVER, NEGOTIATIONS, INCLUDING TALKS ON CERTAIN LARGE PROPOSALS, ARE REPORTEDLY PROCEEDING NORMALLY. END SUMMARY.

1. COMMERCIAL OFFICERS OF VARIOUS EMBASSIES IN PEKING HAVE NOTED THAT IT HAS BEEN A LITTLE MORE DIFFICULT FOR THEM AND FOR VISITING BUSINESSMEN TO ARRANGE CONVENIENT APPOINTMENTS WITH CHINESE FOREIGN TRADE PERSONNEL OVER THE LAST FEW WEEKS. THIS IS ATTRIBUTED TO THE NEED  
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FOR THESE PERSONNEL TO ATTEND CAMPAIGN-RELATED MEETINGS

OR STUDY SESSIONS. THE JAPANESE, FOR EXAMPLE, SAY THAT APPOINTMENTS AT THE FOREIGN TRADE CORPORATIONS WERE VERY DIFFICULT TO GET DURING THE WEEK BEGINNING JANUARY 28 BECAUSE AFTERNOONS WERE DEVOTED TO STUDY SESSIONS, BUT BELIEVE THE SITUATION EASED AFTER THAT. A TRADER IN US GRAIN AND COTTON, WHO WAS IN PEKING FROM JANUARY 28 TO FEBRUARY 9 (PEKING 242), SAID THAT IN CONTRAST TO HIS PREVIOUS FIVE VISITS HE HAD DIFFICULTY REACHING PERSONNEL FROM THE TEXTILES AND CEREALS CORPORATIONS ON THE PHONE AND THEN HAD TO WAIT TWO OR THREE DAYS FOR APPOINTMENTS. IT WAS ALSO DURING THE WEEK BEGINNING FEBRUARY 4 THAT USLO UNSUCCESSFULLY SOUGHT TO OBTAIN AN APPOINTMENT AT THE MINISTRY OF FOREIGN TRADE TO TALK ABOUT A MARKET SURVEY (PEKING 248), AND IT MAY BE THAT STUDY SESSIONS AT MFT WERE A FACTOR. ANOTHER EXAMPLE OF THE TYPE OF COMMENT WE HAVE BEEN HEARING IS THAT OF THE GERMAN COMMERCIAL COUNSELOR, WHO SAID THAT IN ONE SET OF NEGOTIATIONS, THE GERMAN FIRM FOUND FEWER CHINESE ON THE OTHER SIDE OF THE TABLE THAN USUAL AND ASSUMED THIS WAS DUE TO POLICAL STUDY.

2. AT THE SAME TIME, MANY OF OUR COMMERCIAL COLLEAGUES IN PEKING SAY THEY HAVE NUMEROUS BUSINESSMEN IN TOWN AND THAT NEGOTIATIONS ARE PROCEEDING NORMALLY. THE FRENCH, FOR EXAMPLE, TOLD US THEY HAVE NEVER BEEN SO BUSY AND THAT THEY EXPECT AN AGREEMENT TO BE SIGNED SOON FOR THE SALE OF THREE FERTILIZER PLANTS WORTH 120 MILLION DOLLARS. THE JAPANESE SAID THE PROBLEM OF APPOINTMENTS NOTED ABOVE HAS HAD NO MATERIAL EFFECT ON BUSINESS NEGOTIATIONS. THEY ALSO TOLD US THAT WHILE THERE HAS BEEN A LULL IN WHOLE PLANT PURCHASES FROM JAPAN SINCE OCTOBER, ONE PETROCHEMICAL PLANT SALE (FROM KURARE) EITHER HAS JUST BEEN OR WILL BE COMPLETED SHORTLY, AND THAT A JAPANESE STEEL FIRM (PRESUMABLY NIPPON) IS IN TOWN FOR FURTHER NEGOTIATIONS. THE WEST GERMAN-LED CONSORTIUM ON A POSSIBLE STEEL PLANT SALE HAS ALSO BEEN IN PEKING FOR SEVERAL WEEKS AND, ACCORDING TO THE GERMAN COMMERCIAL COUNSELOR, HAS BEEN ENGAGED IN LONG DAILY TECHNICAL AND NEGOTIATING SESSIONS.

3. ACTIVITIES OF THE CURRENT CAMPAIGN IN SHANGHAI APPARENTLY DELAYED FOR SEVERAL DAYS THE VISIT OF THE J. C. PENNEY GROUP LIMITED OFFICIAL USE

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TO NEGOTIATE WITH THE SHANGHAI BRANCH OF THE TEXTILES CORPORATION. THEIR SCHEDULED DEPARTURE TO SHANGHAI ON FEBRUARY 11 WAS CANCELLED THE DAY BEFORE WHEN THEY WERE TOLD THAT THE SHANGHAI REPRESENTATIVES WOULD COME TO PEKING INSTEAD. THEN SIGNALS WERE SWITCHED AGAIN AND THE PENNEY GROUP WAS PERMITTED TO PROCEED TO SHANGHAI ON FEBRUARY 14. ALSO, TWO BOEING TECHNICIANS, AFTER SOME HESITANCY ON THE PART OF THE CHINESE, WERE PERMITTED TO GO TO SHANGHAI ON

FEBRUARY 10 OR 11 IN CONNECTION WITH THE DELIVERY OF ANOTHER BOEING 707. JAPANESE EMBASSY OFFICERS ALSO TOLD US LAST WEEK THAT MANY BUSINESSMEN WERE IN SHANGHAI AT THAT TIME. THUS, WHILE THE CHINESE TURNED DOWN REQUESTS FOR CASUAL TRAVEL TO SHANGHAI, THEY DID PERMIT VISITS IF THERE WAS IMPORTANT BUSINESS TO BE DONE (PEKING 275).

4. WE NOTE, TOO, THAT M. W. KELLOGG CORPORATION, WHICH HAS REPRESENTATIVES IN PEKING MAKING TECHNICAL ARRANGEMENTS FOR INSTALLATION OF THE FIRST THREE AMMONIA PLANTS AND WHICH HAS HAD A TEAM VISITING THE SITES (PEKING 278), HAS NOT HAD ITS WORK IMPEDED BY CURRENT CAMPAIGN ACTIVITIES. SIMILARLY, TWO AMERICANS, ONE FROM WESTERN UNION INTERNATIONAL AND ONE FROM GTE SYLVANIA, REPORT NO PROBLEMS IN CONNECTION WITH THEIR WORK ON PEKING'S SECOND SATELLITE COMMUNICATIONS STATION.

5. IN CONCLUSION, THE EVIDENCE SO FAR INDICATES THAT EXCEPT FOR SOME DIFFICULTY IN REACHING FOREIGN TRADE CORPORATION PERSONNEL, THERE HAS BEEN NO INTERFERENCE WITH NORMAL COMMERCIAL AFFAIRS. WE WILL CONTINUE TO WATCH THE SITUATION AND REPORT AND CHANGES.

6. THE FOREGOING WAS DRAFTED PRIOR TO THIS MORNING'S VOA REPORT THAT SOME FOREIGN BUSINESSMEN AMONG OTHERS ARE BEING TOLD BY THE CHINESE THAT IT IS NOT CONVENIENT FOR THEM TO VISIT CHINA AT THIS TIME. WE WOULD APPRECIATE ANY INFORMATION ON THIS REPORT.  
JENKINS

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